



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

OCT - 1 2004

E. Mark Braden, Esq.
Baker & Hostetler, LLP
Washington Square, Suite 1100
1050 Connecticut Ave., NW
Washington, D.C. 20036-5304

RE: MUR 5453
BankNorth/Arthur A. Watson & Company, Inc.

Dear Mr. Braden:

By letter dated June 18, 2004, you notified the Federal Election Commission of the possibility of violations by your client of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). On September 24, 2004, the Commission, upon review of the information provided by your client, found that there is reason to believe BankNorth/Arthur A. Watson & Company, Inc. knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved. If your client is interested in expediting the resolution of this matter by pursuing preprobable cause conciliation, and if your client agrees with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be

2004130994

demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

Please have your client complete the enclosed form authorizing you to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you have any questions, please contact Christine C. Gallagher, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Michael E. Toner
Commissioner

Enclosures
Factual and Legal Analysis
Conciliation Agreement
Designation of Counsel Form
Procedures

26044130995

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: BankNorth/Arthur A. Watson & Company, Inc.

MUR 5453

I. GENERATION OF THE MATTER

This matter was generated by a *sua sponte* submission filed with the Federal Election Commission by BankNorth/Arthur A. Watson & Company, Inc. ("the Company")¹. See 2 U.S.C. § 437g(a)(1).

II. FACTUAL AND LEGAL ANALYSIS

From on or about April 18, 2000 to April 28, 2000, the Company made contributions to the Giordano for U.S. Senate Committee ("the Committee") in violation of 2 U.S.C. § 441b(a) in the total amount of \$8,000 through four of its employees and their spouses. The Company used corporate funds to reimburse its employees and their spouses for contributions they made to the Committee. By reimbursing its employees and their spouses the total amount of the contributions, disguising the reimbursements as commissions or salaries, the Company also violated 2 U.S.C. § 441f.²

¹ Arthur A. Watson & Company, Inc. is the defendant in the parallel criminal proceeding discussed *infra*. At some point after the events in this matter occurred, Arthur A. Watson & Company, Inc. was purchased by BankNorth, and is now wholly owned by BankNorth. Since BankNorth is assuming liability for Arthur A. Watson & Company, Inc., the term "the Company" as used herein refers to both entities.

² All of the facts in this matter occurred prior to the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA"), Pub. L. 107-155, 116 Stat. 81 (2002). Accordingly, unless specifically noted to the contrary, all citations to the Federal Election Campaign Act of 1971, as amended ("the Act"), herein are as it read prior to the effective date of BCRA and all citations to the Commission's regulations herein are to the 2002 edition of Title 11, Code of Federal Regulations, which was published prior to the Commission's promulgation of any regulations under BCRA.

26044130996

According to counsel's letter dated June 18, 2004, "[t]he

facts of the matter are not in dispute. Our client [BankNorth/Arthur A. Watson & Company, Inc.] is accepting criminal responsibility for these actions. It is our desire that any civil issue arising from events [sic] be resolved simultaneously with the criminal plea agreement."

Based upon the foregoing, the Company knowingly and willfully used its corporate funds to make contributions to the Committee in its employees' and employees' spouses' names. Therefore, there is reason to believe BankNorth/Arthur A. Watson & Company, Inc. knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

26044130997